

1997-98 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee for
Review of
Administrative Rules
(JCR-AR)

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR_RCP_pt01a
- 97hrAC-EdR_RCP_pt01b
- 97hrAC-EdR_RCP_pt02

- Appointments ... Appt
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- Clearinghouse Rules ... CRule
- 97hr_JCR-AR_CRule_98-184
- Committee Hearings ... CH
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- Miscellaneous ... Misc
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- Record of Comm. Proceedings ... RCP
-

TAX 2 - USE OF ALTERNATIVE
98-184 PROPORTIONMENT RULE

WISCONSIN LEGISLATIVE COUNCIL STAFF

LCRC
FORM 2

RULES CLEARINGHOUSE

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CLEARINGHOUSE REPORT TO AGENCY

[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.15, STATS. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

CLEARINGHOUSE RULE 98-184

AN ORDER to amend Tax 2.39 (3) (a) (intro.); and to create Tax 2.395, relating to the use of an alternative apportionment method.

Submitted by **DEPARTMENT OF REVENUE**

11-12-98 RECEIVED BY LEGISLATIVE COUNCIL.
11-25-98 REPORT SENT TO AGENCY.

RNS:WF:kjf;jt

LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

This rule has been reviewed by the Rules Clearinghouse. Based on that review, comments are reported as noted below:

1. STATUTORY AUTHORITY [s. 227.15 (2) (a)]

Comment Attached

YES ☐

NO ☒

2. FORM, STYLE AND PLACEMENT IN ADMINISTRATIVE CODE [s. 227.15 (2) (c)]

Comment Attached

YES ☒

NO ☐

3. CONFLICT WITH OR DUPLICATION OF EXISTING RULES [s. 227.15 (2) (d)]

Comment Attached

YES ☐

NO ☒

4. ADEQUACY OF REFERENCES TO RELATED STATUTES, RULES AND FORMS
[s. 227.15 (2) (e)]

Comment Attached

YES ☐

NO ☒

5. CLARITY, GRAMMAR, PUNCTUATION AND USE OF PLAIN LANGUAGE [s. 227.15 (2) (f)]

Comment Attached

YES ☒

NO ☐

6. POTENTIAL CONFLICTS WITH, AND COMPARABILITY TO, RELATED FEDERAL
REGULATIONS [s. 227.15 (2) (g)]

Comment Attached

YES ☐

NO ☒

7. COMPLIANCE WITH PERMIT ACTION DEADLINE REQUIREMENTS [s. 227.15 (2) (h)]

Comment Attached

YES ☐

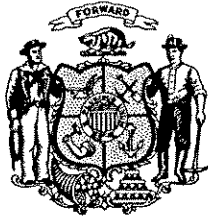
NO ☒

WISCONSIN LEGISLATIVE COUNCIL STAFF

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CLEARINGHOUSE RULE 98-184

Comments

[NOTE: All citations to "Manual" in the comments below are to the Administrative Rules Procedures Manual, prepared by the Revisor of Statutes Bureau and the Legislative Council Staff, dated September 1998.]

2. Form, Style and Placement in Administrative Code

Section Tax 2.395 (1) (a) is drafted incorrectly because definitions may not be drafted to include substantive provisions. [See s. 1.01 (7) (b), Manual.] The requirements that a corporation retain direct or indirect ownership of 100% of the subsidiary stocks and that a subsidiary is eligible to participate in a restructuring only if it has been "completely inactive" are substantive provisions and should be placed elsewhere in Clearinghouse Rule 98-184.

5. Clarity, Grammar, Punctuation and Use of Plain Language

a. Section Tax 2.395 (1) (a) could be drafted more clearly in a number of respects. First, would it be more accurate to state that a corporate restructuring means the transfer by a corporation of *property*, rather than "operations," in exchange for 100% of the subsidiary's stock? Second, is it intended that a corporate restructuring includes the transfer by a corporation of "all" of its operations to a subsidiary? Third, it is suggested that the phrase "newly organized or existing" in the first sentence of s. Tax 2.395 (1) (a) be deleted because it is ambiguous. A "newly organized" subsidiary is an existing subsidiary. Similarly, the word "existing" should be deleted from the third sentence of s. Tax 2.395 (1) (a). Fourth, would it be more accurate in the last sentence of s. Tax 2.395 (1) (a) to require that a corporation "has not been engaged in business" rather than "has been completely inactive" in order to be eligible to participate in a corporate restructuring? The phrase "completely inactive" appears to be vague in the context in which it is used because there are activities that probably must be undertaken for a corporation to become organized before it conducts business.

b. The phrase "that files an application under this section and" in s. Tax 2.395 (1) (b) should be deleted. Section Tax 2.395 (2) (intro.) states that "(a) corporation may file an application"

c. The phrase "will file" in s. Tax 2.395 (1) (c) should be replaced with the word "files." [See s. 1.01 (1), Manual.] In addition, s. Tax 2.395 (1) (c), when read in conjunction with s. Tax 2.395 (2), is confusing as to whether the corporation or its subsidiary, or both the corporation and its subsidiary, must file an application. Section Tax 2.395 (1) (c) defines subsidiary as a corporation that will file an application with a corporation. Section Tax 2.395 (2) states that a corporation may file an application but does not address whether the subsidiary has to file an application either with the corporation or separately. This ambiguity in Clearinghouse Rule 98-184 should be addressed.

d. Section Tax 2.395 (1) (d) defines "unfair representation of the degree of business activity in this state," in part, as meaning that the sum of the Wisconsin tax liability of a corporation and its subsidiaries exceeds 200% of the Wisconsin tax liability that the corporation would have "computed" if the corporation "did not contribute business operations to one or more subsidiaries." It is suggested that the word "owed" be substituted for the word "computed." In addition, it is suggested that the phrase "if corporate restructuring had not occurred" be substituted for the term "if the corporation did not contribute business operations to one or more subsidiaries," since "corporate restructuring" is a defined term.

e. It is suggested that the phrase "under this section" be placed after the word "apportionment" in s. Tax 2.395 (2).

f. It is suggested that the word "present" be substituted for the word "current" in s. Tax 2.395 (3) (j), in order to more clearly refer back to the allocation or apportionment method described in s. Tax 2.395 (3) (g).

g. Section Tax 2.395 (3) (m) would be more clear if the information requested was whether the corporation is being audited by the department at the time of the application. [See s. 1.01 (9) (b), Manual.]

h. Section Tax 2.395 (7) (b) appears to conflict with the definition of "unfair representation of the degree of business activity in this state" in s. Tax 2.395 (1) (d). The defined term specifies when unfair representation of the degree of business activity exists, so it is unclear what is meant by s. Tax 2.395 (7) (b) and (c).

i. The meaning of s. Tax 2.395 (7) (d) is unclear. Does this paragraph mean that if the department terminates an approved alternative apportionment method, a corporation has the right to request a new alternative apportionment method and the department *must* resubmit the proposed alternative method to the Joint Committee for Review of Administrative Rules (JCRAR)? If so, the paragraph conflicts with s. 71.25 (14), Stats., which provides that the Department of Revenue may authorize an alternative apportionment method. Alternatively, does the paragraph mean that the Department of Revenue must submit to the JCRAR the alternative apportionment method that has been terminated by the department? The department should clarify the meaning of this paragraph of the rule.

**PROPOSED ORDER OF THE DEPARTMENT OF REVENUE
AMENDING AND CREATING RULES**

The Wisconsin Department of Revenue hereby proposes an order to: amend Tax 2.39(3)(a)(intro.); and create Tax 2.395, relating to the use of an alternative apportionment method.

Analysis by the Department of Revenue

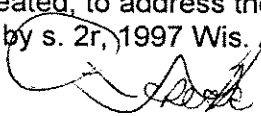
Statutory authority: s. 71.80(1)(c), Stats., and s. 71.25(14)(b), Stats., as created by 1997 Wis. Act 299

Statutes interpreted: s. 71.25(14), Stats.

SECTION 1. Tax 2.39(3)(a)(intro.) is amended, to exclude corporations that qualify for the use of an alternative apportionment method from the rule relating to the general apportionment method.

A second note at the end of Tax 2.39(3) is created, to include a reference to Tax 2.395.

SECTION 2. Tax 2.395 is created, to address the use of an alternative apportionment method. This alternative was created by s. 2r, 1997 Wis. Act 299, effective for taxable years beginning on January 1, 1998.



SECTION 1. Tax 2.39(3)(a)(intro.) is amended to read:

Tax 2.39(3)(a)(intro.) For the reporting of income for the purposes of franchise or income taxation, all businesses except financial organizations and public utilities as defined in ss. 71.04(8) and 71.25(10), Stats., and corporations that are authorized to use an alternative method of apportionment under s. 71.25(14), Stats., shall use an apportionment fraction composed of a sales factor representing 50% of the fraction, a property factor representing 25% of the fraction and a payroll factor representing 25% of the fraction. Property, payroll or sales related to the production of nonapportionable income described in s. 71.04(1) and (4) or 71.25(5)(b), Stats., may not be included in either the numerator or the denominator of any of the apportionment factors. If one of these factors is omitted pursuant to s. 71.04(10) or 71.25(11), Stats., the percentages of the fraction represented by the remaining factors shall be

adjusted as follows:

Note to Revisor: Insert the following note after the first note at the end of Tax 2.39(3):

Note: See s. Tax 2.395 for an alternative method of apportioning the income of certain corporations.

SECTION 2. Tax 2.395 is created to read:

Tax 2.395 Alternative method of apportionment. (1) DEFINITIONS. In this section:

(a) "Corporate restructuring" means the transfer by a corporation of all or part of its operations to one or more ^{⑤ delete by meaningless} newly organized or existing subsidiaries in exchange for 100% of the subsidiary's stock. The corporation shall retain direct or indirect ownership of 100% of the subsidiary's stock. An existing subsidiary shall be eligible to participate in a corporate restructuring only if the subsidiary has been completely inactive in and outside this state since the date of its incorporation. ^{⑤ meaningless} ^{② Substantive 1.01 (7)} ^{⑤ not engaged in business?}

(b) "Corporation" means a corporation for profit ^⑤ that files an application under this section and that is incorporated under ch. 180, Stats., or under the law of another state, the District of Columbia or a foreign country and is subject to tax under s. 71.23(1) or (2), Stats. ^{② Substantive + not needed.}

(c) "Subsidiary" means a corporation that ^⑤ will file an application under this section with a corporation that directly or indirectly owns 100% of the total value or share of all classes of its stock outstanding. ^{Does sub have to file w parent?}

(d) "Unfair representation of the degree of business activity in this state" means that the sum of the Wisconsin tax liability of the corporation and its subsidiaries calculated under s. 71.25(6), Stats., exceeds 200% of the Wisconsin tax liability that the corporation would have computed if the corporation ^{owed??} did not contribute business operations to one or more subsidiaries and results in at least \$2 million of additional Wisconsin tax liability. ^{Clarify what}

Note: This definition applies only for purposes of s. 71.25(14), Stats. ^{This means}

(e) "Wisconsin tax liability" means the gross tax computed under s. 71.23(1) or (2), Stats.

(2) WHO MAY FILE AN APPLICATION. A corporation may file an application on or before January 1, 2000 to use an alternative method of apportionment if all of the following conditions are met: *under this section*

(a) The corporation is not a financial organization as defined in s. 71.25(10)(a), Stats., a public utility as defined in s. 71.25(10)(b), Stats., or a tax-option corporation as defined in s. 71.34(2), Stats.

(b) The corporation is a party to a corporate restructuring that occurs after June 30, 1998 and before January 1, 2000.

(c) As a result of the corporate restructuring, the use of the allocation and separate accounting method or the apportionment method prescribed under s. 71.25(6), Stats., would result in an unfair representation of the degree of business activity in this state, given the same level of sales, payroll and property for the corporation and its subsidiaries.

(3) CONTENT OF THE APPLICATION. The application shall set forth a complete statement of the facts and reasons relating to the request to use an alternative method of apportioning income to Wisconsin, including the following:

(a) The full name, address and federal employer identification number of the corporation applying for the change in apportionment method.

(b) The full name, address and federal employer identification number of the subsidiaries that are a party to the corporate restructuring. If this information is not available when the application is filed, it shall be provided to the department as an amendment to the application at least 60 days before a return using an alternative apportionment method is filed.

(c) The corporation's and the subsidiaries' taxable year. The subsidiaries shall have the

same taxable year as the corporation.

(d) The taxable year for which the corporation wishes the change to become effective. *1*

(e) A detailed description of the corporate structure and business operations before the corporate restructuring.

(f) A detailed description of the corporate structure and business operations after the corporate restructuring.

(g) The present allocation or apportionment method used in Wisconsin.

(h) A description of the alternative apportionment method requested.

(i) A complete and precise statement of the reasons for the modification requested, including why the present method does not fairly represent the activities of the corporation and its subsidiaries in Wisconsin. *2*

(j) Calculations using data from the most recently filed tax return prior to July 1, 1998, showing that the Wisconsin tax liability of the corporation and its subsidiaries using the current method of allocation or apportionment would result in an unfair representation of the degree of business activity in this state. *3* *5* *"present"*

(k) Calculations using data from the most recently filed tax return prior to July 1, 1998, showing that the Wisconsin tax liability of the corporation and its subsidiaries using the proposed alternative method of apportionment does not result in less Wisconsin franchise or income tax than the corporation would be liable for without restructuring. *4*

(L) Any other information relevant to the application the department requires or the corporation believes may have a bearing on the department's decision about whether to grant the apportionment method requested.

(m) Whether the corporation is currently being audited by the department.

5 *Be more specific*

Note: The application shall be mailed to the following address: Administrator of the Division of Income, Sales and Excise Taxes, Wisconsin Department of Revenue, P.O. Box 8933, Madison, WI 53708-8933.

(4) **ALTERNATIVE METHODS OF APPORTIONMENT.** The department may authorize any one or a combination of the following alternative methods of apportionment:

(a) Excluding any one or more of the property, payroll and sales factors.

(b) Weighting the factors other than 50% sales, 25% property and 25% payroll.

(c) Allocating sales, other than sales of tangible personal property, to the state in which the corporation's customers are located for purposes of computing the numerator of the sales factor. For purposes of this paragraph:

1. A sale is allocated to the location where the customer receives the benefit of the service.

2. If the customer receives the benefit of the service in more than one state, the gross receipts are includable in the numerator of the apportionment factor in proportion to the extent the recipient receives the benefit of the service in each state.

(d) Including one or more additional factors which will fairly represent the corporation's or the subsidiaries' business activity in this state.

(e) Allowing one method for apportioning the business income of the corporation and another method for apportioning the business income of a subsidiary.

(f) Allowing the corporation and one or more subsidiaries to compute their Wisconsin tax liability by adding together their apportionable income and apportionment factors, eliminating any intercompany transactions, computing the Wisconsin tax liability as though the group were one taxpayer and dividing the combined Wisconsin tax liability among the corporations based on their share of the group's Wisconsin business income.

(g) Allowing any other apportionment method that will fairly represent the corporation's

and the subsidiaries' business activity in this state.

(5) REVIEW OF THE APPLICATION. The department shall review the information submitted and follow the procedure specified in s. 71.25(14)(c), Stats., before issuing a written decision regarding the use of an alternative method of apportionment. The corporation shall receive written approval before using the alternative method.

(6) YEARS FOR WHICH USE OF ALTERNATIVE METHOD OF APPORTIONMENT APPLIES. (a) Except as provided in par. (b), once an alternative method of apportionment has been approved for a taxable year, the corporation shall use it for that taxable year and all subsequent taxable years, unless the department finds the use of the apportionment method prescribed in s. 71.25(6), Stats., no longer results in an unfair representation of the degree of business activity in this state as determined under sub. (7)(b).

(b) Notwithstanding par. (a), the aggregate of the corporation's and the subsidiaries' Wisconsin tax liability shall be the greater of the Wisconsin tax liability calculated using the approved alternative apportionment or the Wisconsin tax liability calculated as if the corporate restructuring had not taken place.

(7) REVOCATION OF USE OF ALTERNATIVE METHOD OF APPORTIONMENT. (a) If the department upon audit or review finds that the use of the apportionment method prescribed in s. 71.25 (6), Stats., no longer results in an unfair representation of the degree of business activity in this state as determined under par. (b), the corporation and its subsidiaries shall recalculate their Wisconsin tax liabilities under s. 71.25(6), Stats., for each taxable year in which an alternative apportionment method was used and an unfair representation was not found to exist.

(b) In determining whether an unfair representation of the degree of business activity continues to exist, the department shall look for a continued substantial amount of difference

(5) But the
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C Too.

between the tax liability calculated pursuant to s. 71.25(6), Stats., and the tax liability had the restructuring not taken place. The department shall also consider any additional information the corporation has submitted pursuant to sub. (8).

(c) If the department finds for a period of at least three consecutive taxable years that a substantial difference in tax liability as determined in par. (b) no longer exists, the corporation may no longer use the approved alternative apportionment method.

(d) If the department terminates the approved alternative apportionment method, the corporation may request and the department shall resubmit the proposed alternative method of apportionment to the co-chairpersons of the joint committee for review of administrative rules pursuant to s. 71.25(14)(c), Stats. (S)

(8) FILING OF RETURN. For each taxable year, the corporation and its subsidiaries shall file with their Wisconsin corporate franchise or income tax returns schedules setting forth the calculations required under sub.(6), as well as a calculation of the tax liability of the corporation and its subsidiaries under s. 71.25(6), Stats. The corporation and its subsidiaries shall attach a copy of the department's approval to use an alternative apportionment method to the front of each return filed. The corporation may also include additional explanatory material relative to its business activity. The returns shall be filed with the department's audit bureau.

Note: The address for mailing the returns is: Audit Bureau, Wisconsin Department of Revenue, P.O. Box 8906, Madison, WI 53708-8906.

(9) CONFIDENTIALITY. All documents related to a request for an alternative method of apportionment shall be subject to the confidentiality provisions of s. 71.78, Stats.

Note: Section Tax 2.395 interprets s. 71.25(14), Stats.



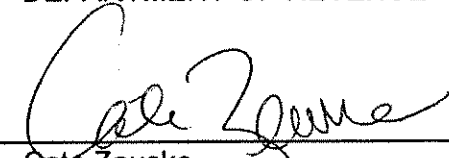
The rules contained in this order shall take effect on the first day of the month following publication in the Wisconsin administrative register as provided in s. 227.22(2)(intro.), Stats.

Initial Regulatory Flexibility Analysis

This proposed rule order does not have a significant economic impact on a substantial number of small businesses.

DEPARTMENT OF REVENUE

Dated: Nov 10 '98

By: 
Cate Zeuske
Secretary of Revenue

i.rules\239 Proposed Order

SENATOR ROBERT T. WELCH
CO-CHAIRMAN



REPRESENTATIVE GLENN GROTHMAN
CO-CHAIRMAN

P.O. Box 7882
MADISON, WI 53707-7882
(608) 266-0751

P.O. Box 8952
MADISON, WI 53708-8952
(608) 264-8486

JOINT COMMITTEE FOR REVIEW OF ADMINISTRATIVE RULES

October 12, 1998

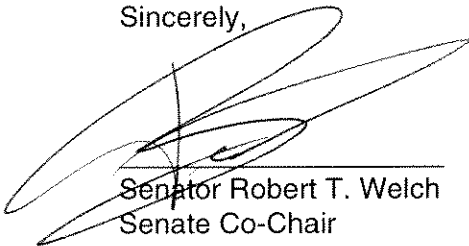
Ms. Cate Zueske
Secretary of Revenue
125 South Webster Street; 2nd Floor
Madison, Wisconsin 53702

CATS:
Dear ~~Secretary~~ Zueske;

Under the provisions of sec. 71.25 (14)(c), Stats., created by 1997 Wisconsin Act 299, the co-chairmen of the Joint Committee for the Review of Administrative Rules formally notify you to commence formal rulemaking for proposed changes in Tax 2. These changes were outlined in a letter to the committee co-chairmen, dated October 6, 1998. This will allow the committee to meet the 14-day obligation stipulated in the above-mentioned act.

If you have any questions, please contact either of our offices.

Sincerely,



Senator Robert T. Welch
Senate Co-Chair

Representative Glenn Grothman
Assembly Co-Chair



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933
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Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

October 6, 1998

*- G.E. talked to
Welch re: need*

The Honorable Robert Welch, Co-Chair
1 East Main Street - Room 201
The Honorable Glenn Grothman, Co-Chair
State Capitol - Room 125 West
Joint Committee for Review of Administrative Rules
Madison, WI 53702

Dear Senator Welch and Representative Grothman:

As required by sec. 71.25(14)(c), Stats., which was created by 1997 Wisconsin Act 299, this letter is to notify you that the Department of Revenue proposes to exercise its authority to grant an alternative method of apportionment to an applicant whose Wisconsin tax liability would unfairly represent the degree of business activity in this state as a result of a corporate restructuring.

Under the proposed alternative method, the applicant would be allowed to apportion its income to Wisconsin using a single sales factor instead of the 3-factor formula of property, payroll, and sales. In addition, for the purpose of determining whether sales are Wisconsin sales, sales of services would be allocated to the customer site that receives the benefit of the services.

The Department is recommending that the applicant be allowed to use this alternative method of apportionment because the 3-factor apportionment formula would result in an "unfair representation of the degree of business activity in this state." This term as defined in section Tax 2.395(1)(d), requires that the sum of the Wisconsin tax liability of the corporation and its subsidiaries, calculated under the 3-factor apportionment formula, exceeds 200% of the Wisconsin tax liability that the corporation would have computed if the corporate restructuring had not occurred, and must result in at least \$2 million of additional Wisconsin tax liability. In this particular case, the applicant's Wisconsin tax liability as a result of the corporate restructuring substantially exceeds both of these tests.

The applicant has agreed that it will never pay less Wisconsin tax than it would have computed if the corporate restructuring had not occurred, as specified under s.71.25(14)(a).

- need for response or permanent rule.

Senator Welch and Rep. Grothman
October 6, 1998
Page Two

The Department will approve the use of this alternative method of apportionment specific to the applicant's request, unless you notify us within 14 days after receipt of this letter. If notified within this period, the department would be required by statute to promulgate an administrative rule that contains the specific and individual facts of the applicant's proposal.

If you need any additional information for your review of this recommendation, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Cate Zeuske".

Cate Zeuske
Secretary of Revenue

CZ:tmb



STATE OF WISCONSIN
DEPARTMENT OF REVENUE

Sen Welch

CATE ZEUSKE
SECRETARY OF REVENUE

125 SOUTH WEBSTER STREET
MAILING ADDRESS: P.O. BOX 8933
MADISON, WI 53708-8933

(608) 266-6466
FAX (608) 266-5718
czeuske@mail.state.wi.us

C.F. RULE

ORDER OF THE DEPARTMENT OF REVENUE
ADOPTING AN EMERGENCY RULE

The Wisconsin Department of Revenue hereby adopts an emergency rule interpreting s. 71.25(14), Stats., relating to the use of an alternative apportionment method.

Analysis by the Department of Revenue

Statutory authority: s. 71.80(1)(c), Stats. (1995) and s. 71.25(14)(b), Stats., as created by 1997 Wis. Act 299

Statutes interpreted: s. 71.25(14), Stats.

SECTION 1. Tax 2.39(3)(a)(intro.) is amended, to exclude corporations that qualify for the use of an alternative apportionment method from the rule relating to the general apportionment method.

A second note at the end of Tax 2.39(3) is created, to include a reference to Tax 2.395.

SECTION 2. Tax 2.395 is created, to address the use of an alternative apportionment method. This alternative was created by s. 2r, 1997 Wis. Act 299, effective for taxable years beginning on January 1, 1998.

FINDING OF EMERGENCY

The Department of Revenue finds that an emergency exists and that the attached rule order is necessary for the immediate preservation of the public peace, health, safety or welfare. A statement of the facts constituting the emergency is:

Section 2r of 1997 Wis. Act 299 requires that the Department of Revenue prepare administrative rules specifying the procedure for a corporation to request the use of an alternative apportionment method, the circumstances under which the department may grant such a request and the alternative methods that the department may authorize under s. 71.25(14), Stats. The allowance of an alternative apportionment method takes effect for taxable years beginning on January 1, 1998. Corporations must request the use of an alternative method of apportionment on or before January 1, 2000.

This rule is therefore promulgated as an emergency rule and shall take effect upon publication in the official state newspaper. Certified copies of this rule have been filed with the Secretary of State and the Revisor of Statutes, as provided in s. 227.24, Stats.

SECTION 1. Tax 2.39(3)(a)(intro.) is amended to read:

Tax 2.39(3)(a)(intro.) For the reporting of income for the purposes of franchise or income taxation, all businesses except financial organizations and public utilities as defined in ss. 71.04(8) and 71.25(10), Stats., and corporations that are authorized to use an alternative method of apportionment under s. 71.25(14), Stats., shall use an apportionment fraction composed of a sales factor representing 50% of the fraction, a property factor representing 25% of the fraction and a payroll factor representing 25% of the fraction. Property, payroll or sales related to the production of nonapportionable income described in s. 71.04(1) and (4) or 71.25(5)(b), Stats., may not be included in either the numerator or the denominator of any of the apportionment factors. If one of these factors is omitted pursuant to s. 71.04(10) or 71.25(11), Stats., the percentages of the fraction represented by the remaining factors shall be adjusted as follows:

Note to Revisor: Insert the following note after the first note at the end of Tax 2.39(3):

Note: See s. Tax 2.395 for an alternative method of apportioning the income of certain corporations.

SECTION 2. Tax 2.395 is created to read:

Tax 2.395 ALTERNATIVE METHOD OF APPORTIONMENT. (1) DEFINITIONS. In this section:

(a) "Corporate restructuring" means the transfer by a corporation of all or part of its operations to one or more newly organized or existing subsidiaries in exchange for 100% of the subsidiary's stock. The corporation shall retain direct or indirect ownership of 100% of the subsidiary's stock. An existing subsidiary shall be eligible to participate in a corporate restructuring only if the subsidiary has been completely inactive in and outside this state since the date of its incorporation.

(b) "Corporation" means a corporation for profit that files an application under this rule and that is incorporated under ch. 180, Stats., or under the law of another state, the District of Columbia or a foreign country and is subject to tax under s. 71.23(1) or (2), Stats.

(c) "Subsidiary" means a corporation that will file an application under this rule with a corporation that directly or indirectly owns 100 % of the total value or share of all classes of its stock outstanding.

(d) "Unfair representation of the degree of business activity in this state" means that the sum of the Wisconsin tax liability of the corporation and its subsidiaries calculated under s. 71.25(6), Stats., exceeds 200% of the Wisconsin tax liability that the corporation would have computed if the corporation did not contribute business operations to one or more subsidiaries and results in at least \$2 million of additional Wisconsin tax liability.

Note: This definition applies only for purposes of s. 71.25(14), Stats.

(e) "Wisconsin tax liability" means the gross tax computed under s. 71.23(1) or (2), Stats.

(2) WHO MAY FILE AN APPLICATION. A corporation may file an application on or before January 1, 2000 to use an alternative method of apportionment if all of the following conditions are met:

(a) The corporation is not a financial organization as defined in s. 71.25(10)(a), Stats., a public utility as defined in s. 71.25(10)(b), Stats., or a tax-option corporation as defined in s. 71.34(2), Stats.

(b) The corporation is a party to a corporate restructuring that occurs after June 30, 1998 and before January 1, 2000.

(c) As a result of the corporate restructuring, the use of the allocation and separate accounting method or the apportionment method prescribed under s. 71.25(6), Stats., would

result in an unfair representation of the degree of business activity in this state, given the same level of sales, payroll and property for the corporation and its subsidiaries.

(3) CONTENT OF THE APPLICATION. The application shall set forth a complete statement of the facts and reasons relating to the request to use an alternative method of apportioning income to Wisconsin, including the following:

(a) The full name, address and federal employer identification number of the corporation applying for the change in apportionment method.

(b) The full name, address and federal employer identification number of the subsidiaries that are a party to the corporate restructuring. If this information is not available when the application is filed, it shall be provided to the department as an amendment to the application at least 60 days before a return using an alternative apportionment method is filed.

(c) The corporation's and the subsidiaries' taxable year. The subsidiaries shall have the same taxable year as the corporation.

(d) The taxable year for which the corporation wishes the change to become effective.

(e) A detailed description of the corporate structure and business operations before the corporate restructuring.

(f) A detailed description of the corporate structure and business operations after the corporate restructuring.

(g) The present allocation or apportionment method used in Wisconsin.

(h) A description of the alternative apportionment method requested.

(i) A complete and precise statement of the reasons for the modification requested, including why the present method does not fairly represent the activities of the corporation and its subsidiaries in Wisconsin.

(j) Calculations using data from the most recently filed tax return prior to enactment of s. 71.25(14), Stats., showing that the Wisconsin tax liability of the corporation and its subsidiaries using the current method of allocation or apportionment would result in an unfair representation of the degree of business activity in this state.

(k) Calculations using data from the most recently filed tax return prior to enactment of s. 71.25(14), Stats., showing that the Wisconsin tax liability of the corporation and its subsidiaries using the proposed alternative method of apportionment does not result in less Wisconsin franchise or income tax than the corporation would be liable for without restructuring.

(L) Any other information relevant to the application the department requires or the corporation believes may have a bearing on the department's decision about whether to grant the apportionment method requested.

(m) Whether the corporation is currently being audited by the department.

Note: The application shall be mailed to the following address: Administrator of the Division of Income, Sales and Excise Taxes, Wisconsin Department of Revenue, P.O. Box 8933, Madison, WI 53708-8933.

(4) ALTERNATIVE METHODS OF APPORTIONMENT. The department may authorize any one or a combination of the following alternative methods of apportionment:

- (a) Excluding any one or more of the property, payroll and sales factors.
- (b) Weighting the factors other than 50% sales, 25% property and 25% payroll.
- (c) Allocating sales, other than sales of tangible personal property, to the state in which the corporation's customers are located for purposes of computing the numerator of the sales factor. For purposes of this paragraph:

1. A sale is allocated to the location where the customer receives the benefit of the service.
2. If the customer receives the benefit of the service in more than one state, the

gross receipts are includable in the numerator of the apportionment factor in proportion to the extent the recipient receives the benefit of the service in each state.

(d) Including one or more additional factors which will fairly represent the corporation's or the subsidiaries' business activity in this state.

(e) Allowing one method for apportioning the business income of the corporation and another method for apportioning the business income of a subsidiary.

(f) Allowing the corporation and one or more subsidiaries to compute their Wisconsin tax liability by adding together their apportionable income and apportionment factors, eliminating any intercompany transactions, computing the Wisconsin tax liability as though the group were one taxpayer and dividing the combined Wisconsin tax liability among the corporations based on their share of the group's Wisconsin business income.

(g) Allowing any other apportionment method that will fairly represent the corporation's and the subsidiaries' business activity in this state.

(5) REVIEW OF THE APPLICATION. The department shall review the information submitted and follow the procedure specified in s. 71.25(14)(c), Stats., before issuing a written decision regarding the use of an alternative method of apportionment. The corporation shall receive written approval before using the alternative method.

(6) YEARS FOR WHICH USE OF ALTERNATIVE METHOD OF APPORTIONMENT APPLIES. Once an alternative method of apportionment has been approved for a taxable year, the corporation shall use it for that taxable year and all subsequent taxable years, unless the department finds the use of the apportionment method prescribed in s. 71.25(6), Stats., no longer results in an unfair representation of the degree of business activity in this state as determined under par. (7)(b).

(7) REVOCATION OF USE OF ALTERNATIVE METHOD OF APPORTIONMENT. (a) If

the department upon audit or review finds that the use of the apportionment method prescribed in s. 71.25 (6), Stats., no longer results in an unfair representation of the degree of business activity in this state as determined under par. (b), the corporation and its subsidiaries shall recalculate their Wisconsin tax liabilities under s. 71.25(6), Stats., for each taxable year in which an alternative apportionment method was used and an unfair representation was not found to exist.

(b) In determining whether an unfair representation of the degree of business activity continues to exist, the department will look for a continued substantial amount of difference between the tax liability calculated pursuant to s. 71.25(6), Stats., and the tax liability had the restructuring not taken place. The department shall also consider any additional information the corporation has submitted pursuant to sub.(8).

(c) If the department finds for a period of at least three consecutive taxable years that a substantial difference in tax liability as determined in par. (b) no longer exists, the corporation may no longer use the approved alternative apportionment method.

(d) If the department terminates the approved alternative apportionment method, the corporation may request and the department shall resubmit the proposed alternative method of apportionment to the co-chairpersons of the joint committee for review of administrative rules pursuant to s. 71.25(14)(c), Stats.

(8) FILING OF RETURN. For each taxable year, the corporation and its subsidiaries shall file with their Wisconsin corporate franchise or income tax returns schedules setting forth the calculations required under sub.(6), as well as a calculation of the tax liability of the corporation and its subsidiaries under s. 71.25(6), Stats. The corporation and its subsidiaries shall attach a copy of the department's approval to use an alternative apportionment method to the front of each return filed. The corporation may also include additional explanatory material

relative to its business activity. The returns shall be filed with the audit bureau of the department of revenue.

Note: The address for mailing the returns is: Audit Bureau, Wisconsin Department of Revenue, P.O. Box 8906, Madison, WI 53708-8906.

(9) CONFIDENTIALITY. All documents related to a request for an alternative method of apportionment shall be subject to the confidentiality provisions of s. 71.78, Stats.

Note: Section Tax 2.395 interprets s. 71.25(14), Stats.

The rules contained in this order shall take effect upon publication in the official state newspaper as provided in s. 227.22(2)(c), Stats.

DEPARTMENT OF REVENUE

Dated: September 25 1998

By: Cate Zeuske
Cate Zeuske
Secretary of Revenue

TAX2395R1



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933
(608) 266-6466 • FAX (608) 266-5718 • <http://www.dor.state.wi.us>



Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

October 5, 1998

The Honorable Robert Welch
State Senator
1 E. Main St. #201
Madison, WI 53702

Dear Senator Welch:

Thank you for your September 11, 1998 referral related to Robert Himmelmann and the Department of Revenue's audit activities for motor vehicle purchases.

Since 1968, the Department of Revenue has been sending letters to verify the purchase price of vehicles registered in Wisconsin. This review was done manually. The department has now automated this process through the acquisition of valuation software. Letters are generated requesting verification if the reported purchase price is significantly below the value range assigned based on the vehicle identification number (VIN).

At the time Mr. Himmelmann registered his 1994 Suzuki, he reported a purchase price that was significantly lower than the value range for this vehicle. Therefore a letter was sent to him to verify the purchase price. Based on the information we received in response to our request, we have concluded our review of this transaction.

Due to feedback you and others have given us, we will be meeting with the Department of Transportation to discuss how we can improve this system.

Thank you for forwarding Mr. Himmelmann's concerns to us. If I can be of further assistance, please contact me.

Sincerely,


Cate Zeuske
Secretary of Revenue

CZ: ME:jms



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Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

September 28, 1998

✓
Honorable Robert Welch
Co-Chair, Joint Committee for Review of Administrative Rules
Room 201 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882

Honorable Glenn Grothman
Co-Chair, Joint Committee for Review of Administrative Rules
Room 125 West, State Capitol
P.O. Box 8952
Madison, WI 53708

SEP 29 1998

Dear Senator Welch and Representative Grothman:


Pursuant to previously requested procedures, I am forwarding an advance copy of an emergency rule which the Department of Revenue intends to adopt effective September 29, 1998.

The rule pertains to the use of an alternative apportionment method.

The emergency rule is necessary to implement the allowance of an alternative apportionment method under s. 71.25(14), Stats., for taxable years beginning January 1, 1998, as required by s. 2r of 1997 Wis. Act 299.

If you have any questions or require further information, please let me know.

Sincerely,


Cate Zeuske
Secretary of Revenue

CZ:MPW:jms
i:/rules/239 Emergency - JCRAR

Enclosure

ORDER OF THE DEPARTMENT OF REVENUE
ADOPTING AN EMERGENCY RULE

The Wisconsin Department of Revenue hereby adopts an emergency rule interpreting s. 71.25(14), Stats., relating to the use of an alternative apportionment method.

Analysis by the Department of Revenue

Statutory authority: s. 71.80(1)(c), Stats. (1995) and s. 71.25(14)(b), Stats., as created by 1997 Wis. Act 299

Statutes interpreted: s. 71.25(14), Stats.

SECTION 1. Tax 2.39(3)(a)(intro.) is amended, to exclude corporations that qualify for the use of an alternative apportionment method from the rule relating to the general apportionment method.

A second note at the end of Tax 2.39(3) is created, to include a reference to Tax 2.395.

SECTION 2. Tax 2.395 is created, to address the use of an alternative apportionment method. This alternative was created by s. 2r, 1997 Wis. Act 299, effective for taxable years beginning on January 1, 1998.

FINDING OF EMERGENCY

The Department of Revenue finds that an emergency exists and that the attached rule order is necessary for the immediate preservation of the public peace, health, safety or welfare. A statement of the facts constituting the emergency is:

Section 2r of 1997 Wis. Act 299 requires that the Department of Revenue prepare administrative rules specifying the procedure for a corporation to request the use of an alternative apportionment method, the circumstances under which the department may grant such a request and the alternative methods that the department may authorize under s. 71.25(14), Stats. The allowance of an alternative apportionment method takes effect for taxable years beginning on January 1, 1998. Corporations must request the use of an alternative method of apportionment on or before January 1, 2000.

This rule is therefore promulgated as an emergency rule and shall take effect upon publication in the official state newspaper. Certified copies of this rule have been filed with the Secretary of State and the Revisor of Statutes, as provided in s. 227.24, Stats.

SECTION 1. Tax 2.39(3)(a)(intro.) is amended to read:

Tax 2.39(3)(a)(intro.) For the reporting of income for the purposes of franchise or income taxation, all businesses except financial organizations and public utilities as defined in ss. 71.04(8) and 71.25(10), Stats., and corporations that are authorized to use an alternative method of apportionment under s. 71.25(14), Stats., shall use an apportionment fraction composed of a sales factor representing 50% of the fraction, a property factor representing 25% of the fraction and a payroll factor representing 25% of the fraction. Property, payroll or sales related to the production of nonapportionable income described in s. 71.04(1) and (4) or 71.25(5)(b), Stats., may not be included in either the numerator or the denominator of any of the apportionment factors. If one of these factors is omitted pursuant to s. 71.04(10) or 71.25(11), Stats., the percentages of the fraction represented by the remaining factors shall be adjusted as follows:

Note to Revisor: Insert the following note after the first note at the end of Tax 2.39(3):

Note: See s. Tax 2.395 for an alternative method of apportioning the income of certain corporations.

SECTION 2. Tax 2.395 is created to read:

Tax 2.395 ALTERNATIVE METHOD OF APPORTIONMENT. (1) DEFINITIONS. In this section:

(a) "Corporate restructuring" means the transfer by a corporation of all or part of its operations to one or more newly organized or existing subsidiaries in exchange for 100% of the subsidiary's stock. The corporation shall retain direct or indirect ownership of 100% of the subsidiary's stock. An existing subsidiary shall be eligible to participate in a corporate restructuring only if the subsidiary has been completely inactive in and outside this state since the date of its incorporation.

(b) "Corporation" means a corporation for profit that files an application under this rule and that is incorporated under ch. 180, Stats., or under the law of another state, the District of Columbia or a foreign country and is subject to tax under s. 71.23(1) or (2), Stats.

(c) "Subsidiary" means a corporation that will file an application under this rule with a corporation that directly or indirectly owns 100 % of the total value or share of all classes of its stock outstanding.

(d) "Unfair representation of the degree of business activity in this state" means that the sum of the Wisconsin tax liability of the corporation and its subsidiaries calculated under s. 71.25(6), Stats., exceeds 200% of the Wisconsin tax liability that the corporation would have computed if the corporation did not contribute business operations to one or more subsidiaries and results in at least \$2 million of additional Wisconsin tax liability.

Note: This definition applies only for purposes of s. 71.25(14), Stats.

(e) "Wisconsin tax liability" means the gross tax computed under s. 71.23(1) or (2), Stats.

(2) WHO MAY FILE AN APPLICATION. A corporation may file an application on or before January 1, 2000 to use an alternative method of apportionment if all of the following conditions are met:

(a) The corporation is not a financial organization as defined in s. 71.25(10)(a), Stats., a public utility as defined in s. 71.25(10)(b), Stats., or a tax-option corporation as defined in s. 71.34(2), Stats.

(b) The corporation is a party to a corporate restructuring that occurs after June 30, 1998 and before January 1, 2000.

(c) As a result of the corporate restructuring, the use of the allocation and separate accounting method or the apportionment method prescribed under s. 71.25(6), Stats., would

result in an unfair representation of the degree of business activity in this state, given the same level of sales, payroll and property for the corporation and its subsidiaries.

(3) CONTENT OF THE APPLICATION. The application shall set forth a complete statement of the facts and reasons relating to the request to use an alternative method of apportioning income to Wisconsin, including the following:

(a) The full name, address and federal employer identification number of the corporation applying for the change in apportionment method.

(b) The full name, address and federal employer identification number of the subsidiaries that are a party to the corporate restructuring. If this information is not available when the application is filed, it shall be provided to the department as an amendment to the application at least 60 days before a return using an alternative apportionment method is filed.

(c) The corporation's and the subsidiaries' taxable year. The subsidiaries shall have the same taxable year as the corporation.

(d) The taxable year for which the corporation wishes the change to become effective.

(e) A detailed description of the corporate structure and business operations before the corporate restructuring.

(f) A detailed description of the corporate structure and business operations after the corporate restructuring.

(g) The present allocation or apportionment method used in Wisconsin.

(h) A description of the alternative apportionment method requested.

(i) A complete and precise statement of the reasons for the modification requested, including why the present method does not fairly represent the activities of the corporation and its subsidiaries in Wisconsin.

(j) Calculations using data from the most recently filed tax return prior to enactment of s. 71.25(14), Stats., showing that the Wisconsin tax liability of the corporation and its subsidiaries using the current method of allocation or apportionment would result in an unfair representation of the degree of business activity in this state.

(k) Calculations using data from the most recently filed tax return prior to enactment of s. 71.25(14), Stats., showing that the Wisconsin tax liability of the corporation and its subsidiaries using the proposed alternative method of apportionment does not result in less Wisconsin franchise or income tax than the corporation would be liable for without restructuring.

(L) Any other information relevant to the application the department requires or the corporation believes may have a bearing on the department's decision about whether to grant the apportionment method requested.

(m) Whether the corporation is currently being audited by the department.

Note: The application shall be mailed to the following address: Administrator of the Division of Income, Sales and Excise Taxes, Wisconsin Department of Revenue, P.O. Box 8933, Madison, WI 53708-8933.

(4) ALTERNATIVE METHODS OF APPORTIONMENT. The department may authorize any one or a combination of the following alternative methods of apportionment:

- (a) Excluding any one or more of the property, payroll and sales factors.
- (b) Weighting the factors other than 50% sales, 25% property and 25% payroll.
- (c) Allocating sales, other than sales of tangible personal property, to the state in which the corporation's customers are located for purposes of computing the numerator of the sales factor. For purposes of this paragraph:

1. A sale is allocated to the location where the customer receives the benefit of the service.

2. If the customer receives the benefit of the service in more than one state, the

gross receipts are includable in the numerator of the apportionment factor in proportion to the extent the recipient receives the benefit of the service in each state.

(d) Including one or more additional factors which will fairly represent the corporation's or the subsidiaries' business activity in this state.

(e) Allowing one method for apportioning the business income of the corporation and another method for apportioning the business income of a subsidiary.

(f) Allowing the corporation and one or more subsidiaries to compute their Wisconsin tax liability by adding together their apportionable income and apportionment factors, eliminating any intercompany transactions, computing the Wisconsin tax liability as though the group were one taxpayer and dividing the combined Wisconsin tax liability among the corporations based on their share of the group's Wisconsin business income.

(g) Allowing any other apportionment method that will fairly represent the corporation's and the subsidiaries' business activity in this state.

(5) REVIEW OF THE APPLICATION. The department shall review the information submitted and follow the procedure specified in s. 71.25(14)(c), Stats., before issuing a written decision regarding the use of an alternative method of apportionment. The corporation shall receive written approval before using the alternative method.

(6) YEARS FOR WHICH USE OF ALTERNATIVE METHOD OF APPORTIONMENT APPLIES. Once an alternative method of apportionment has been approved for a taxable year, the corporation shall use it for that taxable year and all subsequent taxable years, unless the department finds the use of the apportionment method prescribed in s. 71.25(6), Stats., no longer results in an unfair representation of the degree of business activity in this state as determined under par. (7)(b).

(7) REVOCATION OF USE OF ALTERNATIVE METHOD OF APPORTIONMENT. (a) If

the department upon audit or review finds that the use of the apportionment method prescribed in s. 71.25 (6), Stats., no longer results in an unfair representation of the degree of business activity in this state as determined under par. (b), the corporation and its subsidiaries shall recalculate their Wisconsin tax liabilities under s. 71.25(6), Stats., for each taxable year in which an alternative apportionment method was used and an unfair representation was not found to exist.

(b) In determining whether an unfair representation of the degree of business activity continues to exist, the department will look for a continued substantial amount of difference between the tax liability calculated pursuant to s. 71.25(6), Stats., and the tax liability had the restructuring not taken place. The department shall also consider any additional information the corporation has submitted pursuant to sub.(8).

(c) If the department finds for a period of at least three consecutive taxable years that a substantial difference in tax liability as determined in par. (b) no longer exists, the corporation may no longer use the approved alternative apportionment method.

(d) If the department terminates the approved alternative apportionment method, the corporation may request and the department shall resubmit the proposed alternative method of apportionment to the co-chairpersons of the joint committee for review of administrative rules pursuant to s. 71.25(14)(c), Stats.

(8) FILING OF RETURN. For each taxable year, the corporation and its subsidiaries shall file with their Wisconsin corporate franchise or income tax returns schedules setting forth the calculations required under sub.(6), as well as a calculation of the tax liability of the corporation and its subsidiaries under s. 71.25(6), Stats. The corporation and its subsidiaries shall attach a copy of the department's approval to use an alternative apportionment method to the front of each return filed. The corporation may also include additional explanatory material

relative to its business activity. The returns shall be filed with the audit bureau of the department of revenue.

Note: The address for mailing the returns is: Audit Bureau, Wisconsin Department of Revenue, P.O. Box 8906, Madison, WI 53708-8906.

(9) CONFIDENTIALITY. All documents related to a request for an alternative method of apportionment shall be subject to the confidentiality provisions of s. 71.78, Stats.

Note: Section Tax 2.395 interprets s. 71.25(14), Stats.

The rules contained in this order shall take effect upon publication in the official state newspaper as provided in s. 227.22(2)(c), Stats.

DEPARTMENT OF REVENUE

Dated: September 25 1998

By: Cate Zeuske
Cate Zeuske
Secretary of Revenue

TAX2395R1

EMERGENCY RULE**1997 Session****FISCAL ESTIMATE
DOA-2048 N(R10/94)**☒ ORIGINAL☐ UPDATED☐ CORRECTED☐ SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.

TAX 2.39 and 2.395

Amendment No. if Applicable

Subject

Alternative Apportionment Method

Fiscal Effect**Unknown****State:** ☐ No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

☐ Increase Existing Appropriation☐ Increase Existing Revenues☐ Decrease Existing Appropriation☐ Decrease Existing Revenues☐ Create New Appropriation☐ Increase Costs - May be Possible to Absorb
Within Agency's Budget ☐ Yes ☐ No☐ Decrease Costs**Local:** ☐ No Local Government Costs1. ☐ Increase Costs
☐ Permissive ☐ Mandatory3. ☐ Increase Revenues
☐ Permissive ☐ Mandatory

5. Types of Local Governmental Units Affected:

2. ☐ Decrease Costs
☐ Permissive ☐ Mandatory4. ☐ Decrease Revenues
☐ Permissive ☐ Mandatory☐ Towns ☐ Villages ☐ Cities☐ Counties ☐ Others _____☐ School Districts ☐ WTCS Districts**Fund Sources Affected****Affected Ch. 20 Appropriations**☐ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEG-S**Assumptions Used in Arriving at Fiscal Estimate**

Under provisions of 1997 Wisconsin Act 299, corporations may request, and the Department may approve, an alternative method of apportionment of income in the event of a corporate restructuring that would result in unfair representation of the degree of business activity in the state. The alternative method may not result in less franchise or income tax revenue to the state than the current corporate structure is liable for, given the same overall level of sales, payroll and property.

Before granting a request for alternative apportionment, Act 299 requires the Department to promulgate rules specifying the circumstances in which alternative apportionment may be granted and the kinds of alternatives that may be authorized. The allowance of an alternative apportionment method takes effect for taxable years beginning on January 1, 1998, and corporations must request use of an alternative method on or before January 1, 2000.

This emergency rule is being promulgated because a rule promulgated following regular procedures might not be in place in time for some corporations to obtain approval of an alternative apportionment method for tax year 1998 returns. An agency may promulgate a rule as an emergency rule without complying with the notice,

(continued on page two)

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)

Wisconsin Department of Revenue

Pamela Walgren, (608) 266-7817

Authorized Signature/Telephone No.

Yeang-Eng Braun

(608) 266-2700

Yeang-Eng Braun

Date

7/31/98

hearing and publication requirements if preservation of the public peace, health, safety or welfare necessitates putting the rule into effect prior to the time it would take effect if the agency complied with the general procedures.

Alternative Apportionment of Income

The rule specifies that certain corporations that are party to a restructuring that results in an unfair representation of business activities in the state may apply for an alternative apportionment method and specifies the required content of the application.

The rule defines an unfair representation of business activity as combined net tax liability of the parent corporation and subsidiaries that exceeds 200% of the net tax liability that the parent corporation would have computed if it had not contributed business operations to the subsidiaries and that results in at least \$2 million of additional tax liability.

Under the rule, the Department may authorize the following alternative methods of apportionment:

1. Excluding one or more of the property, payroll or sales factors.
2. Weighting the factors differently (generally factors are weighted as 50% sales, 25% payroll and 25% property).
3. Defining Wisconsin sales in the apportionment factor in a different manner.
4. Including one or more additional factors.
5. Allowing different methods of apportionment for the parent and subsidiary corporations.
6. Allowing a parent and subsidiary corporations to compute net tax liability as though the group were one taxpayer by adding apportionable income and factors and eliminating intercompany transactions.

The rule specifies that once granted, the alternative apportionment method continues in subsequent years until revoked. The Department may retroactively revoke the use of the alternative method if use of the general apportionment method does not result in unfair representation of business activity in the state. Upon revocation, a corporation would have to reapply and receive Department approval before using an alternative apportionment method in subsequent years.

Fiscal Effect

The fiscal effect of the alternative apportionment methods prescribed by this rule is unknown because the number of corporations utilizing these methods and the effect of the alternative methods on their tax liability cannot be known. The determination to grant an alternative apportionment method is based on projections of income of restructured corporations. Since actual income may differ from what is projected, the tax effect of an alternative apportionment method may differ from that expected at the time the alternative method was sought. Further, the change in a corporation's apportionment ratio could either raise or lower its tax. For these reasons, the fiscal effect could be positive or negative in any given year. Discussions with other states that have similar provisions indicate that corporations seek changes in apportionment ratio in limited instances, which implies a small fiscal effect. However, apportionment ratio changes can have a substantial effect on a corporation's tax liability, so that the change in any year could be significant.

EMERGENCY RULE

1997 Session

FISCAL ESTIMATE WORKSHEET
Detailed Estimate of Annual Fiscal Effect
DOA-2047(R10/94)

☒ ORIGINAL ☐ UPDATED
☐ CORRECTED ☐ SUPPLEMENTAL

LRB OR Bill No./Adm. Rule No. Amendment No.

TAX 2.39 and 2.395

Subject

Alternative Apportionment Method

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal Impact on State Funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds		
GPR	\$	\$ -
FED	\$	-
PRO/PRS	\$	-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT
STATE

NET CHANGE IN COSTS \$ _____
NET CHANGE IN REVENUES \$ Unknown

LOCAL

\$ _____
\$ _____

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Pamela Waigren, (608) 266-7817	Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	7/31/98

- 14 days - after receipt of letter
- can't divulge specifics.



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WI 53708-8933
(608) 266-6466 • FAX (608) 266-5718 • <http://www.dor.state.wi.us>



Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

CE TAX

DATE: SEPTEMBER 28, 1998

TO: MEMBERS OF THE WISCONSIN LEGISLATURE

SEP 29 1998

Dear Senators and Representatives:

Enclosed is an Order of the Department of Revenue Adopting An Emergency Rule, relating to the use of an alternative apportionment method. A copy of this emergency rule is being sent to you pursuant to the requirements specified in s. 227.24(3), Stats. A certified copy of the order has been filed in the Office of the Secretary of State and the Office of the Revisor of Statutes, as required by s. 227.20, Stats.

This emergency rule will become effective on September 29, 1998, after publication in the official state newspaper. It will remain in effect for 150 days after publication, when a permanent rule should be in place.

Copies of this letter and the emergency rule order are also hereby being transmitted to the Chief Clerk of the Senate and of the Assembly with the request that the order, or a notice of it, be published in the Journal of each house to make the rule amendments known to persons who will be affected by them.

Sincerely,



Cate Zeuske
Secretary of Revenue

CZ:MPW:jms
i:/rules/239 Emergency - Legislature

cc: Donald J. Schneider, Senate Chief Clerk
Charles Sanders, Assembly Chief Clerk

ORDER OF THE DEPARTMENT OF REVENUE
ADOPTING AN EMERGENCY RULE

The Wisconsin Department of Revenue hereby adopts an emergency rule interpreting s. 71.25(14), Stats., relating to the use of an alternative apportionment method.

Analysis by the Department of Revenue

Statutory authority: s. 71.80(1)(c), Stats. (1995) and s. 71.25(14)(b), Stats., as created by 1997 Wis. Act 299

Statutes interpreted: s. 71.25(14), Stats.

SECTION 1. Tax 2.39(3)(a)(intro.) is amended, to exclude corporations that qualify for the use of an alternative apportionment method from the rule relating to the general apportionment method.

A second note at the end of Tax 2.39(3) is created, to include a reference to Tax 2.395.

SECTION 2. Tax 2.395 is created, to address the use of an alternative apportionment method. This alternative was created by s. 2r, 1997 Wis. Act 299, effective for taxable years beginning on January 1, 1998.

FINDING OF EMERGENCY

The Department of Revenue finds that an emergency exists and that the attached rule order is necessary for the immediate preservation of the public peace, health, safety or welfare. A statement of the facts constituting the emergency is:

Section 2r of 1997 Wis. Act 299 requires that the Department of Revenue prepare administrative rules specifying the procedure for a corporation to request the use of an alternative apportionment method, the circumstances under which the department may grant such a request and the alternative methods that the department may authorize under s. 71.25(14), Stats. The allowance of an alternative apportionment method takes effect for taxable years beginning on January 1, 1998. Corporations must request the use of an alternative method of apportionment on or before January 1, 2000.

This rule is therefore promulgated as an emergency rule and shall take effect upon publication in the official state newspaper. Certified copies of this rule have been filed with the Secretary of State and the Revisor of Statutes, as provided in s. 227.24, Stats.

SECTION 1. Tax 2.39(3)(a)(intro.) is amended to read:

Tax 2.39(3)(a)(intro.) For the reporting of income for the purposes of franchise or income taxation, all businesses except financial organizations and public utilities as defined in ss. 71.04(8) and 71.25(10), Stats., and corporations that are authorized to use an alternative method of apportionment under s. 71.25(14), Stats., shall use an apportionment fraction composed of a sales factor representing 50% of the fraction, a property factor representing 25% of the fraction and a payroll factor representing 25% of the fraction. Property, payroll or sales related to the production of nonapportionable income described in s. 71.04(1) and (4) or 71.25(5)(b), Stats., may not be included in either the numerator or the denominator of any of the apportionment factors. If one of these factors is omitted pursuant to s. 71.04(10) or 71.25(11), Stats., the percentages of the fraction represented by the remaining factors shall be adjusted as follows:

Note to Revisor: Insert the following note after the first note at the end of Tax 2.39(3):

Note: See s. Tax 2.395 for an alternative method of apportioning the income of certain corporations.

SECTION 2. Tax 2.395 is created to read:

Tax 2.395 ALTERNATIVE METHOD OF APPORTIONMENT. (1) DEFINITIONS. In this section:

(a) "Corporate restructuring" means the transfer by a corporation of all or part of its operations to one or more newly organized or existing subsidiaries in exchange for 100% of the subsidiary's stock. The corporation shall retain direct or indirect ownership of 100% of the subsidiary's stock. An existing subsidiary shall be eligible to participate in a corporate restructuring only if the subsidiary has been completely inactive in and outside this state since the date of its incorporation.

(b) "Corporation" means a corporation for profit that files an application under this rule and that is incorporated under ch. 180, Stats., or under the law of another state, the District of Columbia or a foreign country and is subject to tax under s. 71.23(1) or (2), Stats.

(c) "Subsidiary" means a corporation that will file an application under this rule with a corporation that directly or indirectly owns 100 % of the total value or share of all classes of its stock outstanding.

(d) "Unfair representation of the degree of business activity in this state" means that the sum of the Wisconsin tax liability of the corporation and its subsidiaries calculated under s. 71.25(6), Stats., exceeds 200% of the Wisconsin tax liability that the corporation would have computed if the corporation did not contribute business operations to one or more subsidiaries and results in at least \$2 million of additional Wisconsin tax liability.

Note: This definition applies only for purposes of s. 71.25(14), Stats.

(e) "Wisconsin tax liability" means the gross tax computed under s. 71.23(1) or (2), Stats.

(2) WHO MAY FILE AN APPLICATION. A corporation may file an application on or before January 1, 2000 to use an alternative method of apportionment if all of the following conditions are met:

(a) The corporation is not a financial organization as defined in s. 71.25(10)(a), Stats., a public utility as defined in s. 71.25(10)(b), Stats., or a tax-option corporation as defined in s. 71.34(2), Stats.

(b) The corporation is a party to a corporate restructuring that occurs after June 30, 1998 and before January 1, 2000.

(c) As a result of the corporate restructuring, the use of the allocation and separate accounting method or the apportionment method prescribed under s. 71.25(6), Stats., would

result in an unfair representation of the degree of business activity in this state, given the same level of sales, payroll and property for the corporation and its subsidiaries.

(3) CONTENT OF THE APPLICATION. The application shall set forth a complete statement of the facts and reasons relating to the request to use an alternative method of apportioning income to Wisconsin, including the following:

(a) The full name, address and federal employer identification number of the corporation applying for the change in apportionment method.

(b) The full name, address and federal employer identification number of the subsidiaries that are a party to the corporate restructuring. If this information is not available when the application is filed, it shall be provided to the department as an amendment to the application at least 60 days before a return using an alternative apportionment method is filed.

(c) The corporation's and the subsidiaries' taxable year. The subsidiaries shall have the same taxable year as the corporation.

(d) The taxable year for which the corporation wishes the change to become effective.

(e) A detailed description of the corporate structure and business operations before the corporate restructuring.

(f) A detailed description of the corporate structure and business operations after the corporate restructuring.

(g) The present allocation or apportionment method used in Wisconsin.

(h) A description of the alternative apportionment method requested.

(i) A complete and precise statement of the reasons for the modification requested, including why the present method does not fairly represent the activities of the corporation and its subsidiaries in Wisconsin.

(j) Calculations using data from the most recently filed tax return prior to enactment of s. 71.25(14), Stats., showing that the Wisconsin tax liability of the corporation and its subsidiaries using the current method of allocation or apportionment would result in an unfair representation of the degree of business activity in this state.

(k) Calculations using data from the most recently filed tax return prior to enactment of s. 71.25(14), Stats., showing that the Wisconsin tax liability of the corporation and its subsidiaries using the proposed alternative method of apportionment does not result in less Wisconsin franchise or income tax than the corporation would be liable for without restructuring.

(L) Any other information relevant to the application the department requires or the corporation believes may have a bearing on the department's decision about whether to grant the apportionment method requested.

(m) Whether the corporation is currently being audited by the department.

Note: The application shall be mailed to the following address: Administrator of the Division of Income, Sales and Excise Taxes, Wisconsin Department of Revenue, P.O. Box 8933, Madison, WI 53708-8933.

(4) ALTERNATIVE METHODS OF APPORTIONMENT. The department may authorize any one or a combination of the following alternative methods of apportionment:

- (a) Excluding any one or more of the property, payroll and sales factors.
- (b) Weighting the factors other than 50% sales, 25% property and 25% payroll.
- (c) Allocating sales, other than sales of tangible personal property, to the state in which the corporation's customers are located for purposes of computing the numerator of the sales factor. For purposes of this paragraph:

1. A sale is allocated to the location where the customer receives the benefit of the service.
2. If the customer receives the benefit of the service in more than one state, the

gross receipts are includable in the numerator of the apportionment factor in proportion to the extent the recipient receives the benefit of the service in each state.

(d) Including one or more additional factors which will fairly represent the corporation's or the subsidiaries' business activity in this state.

(e) Allowing one method for apportioning the business income of the corporation and another method for apportioning the business income of a subsidiary.

(f) Allowing the corporation and one or more subsidiaries to compute their Wisconsin tax liability by adding together their apportionable income and apportionment factors, eliminating any intercompany transactions, computing the Wisconsin tax liability as though the group were one taxpayer and dividing the combined Wisconsin tax liability among the corporations based on their share of the group's Wisconsin business income.

(g) Allowing any other apportionment method that will fairly represent the corporation's and the subsidiaries' business activity in this state.

(5) REVIEW OF THE APPLICATION. The department shall review the information submitted and follow the procedure specified in s. 71.25(14)(c), Stats., before issuing a written decision regarding the use of an alternative method of apportionment. The corporation shall receive written approval before using the alternative method.

(6) YEARS FOR WHICH USE OF ALTERNATIVE METHOD OF APPORTIONMENT APPLIES. Once an alternative method of apportionment has been approved for a taxable year, the corporation shall use it for that taxable year and all subsequent taxable years, unless the department finds the use of the apportionment method prescribed in s. 71.25(6), Stats., no longer results in an unfair representation of the degree of business activity in this state as determined under par. (7)(b).

(7) REVOCATION OF USE OF ALTERNATIVE METHOD OF APPORTIONMENT. (a) If

the department upon audit or review finds that the use of the apportionment method prescribed in s. 71.25 (6), Stats., no longer results in an unfair representation of the degree of business activity in this state as determined under par. (b), the corporation and its subsidiaries shall recalculate their Wisconsin tax liabilities under s. 71.25(6), Stats., for each taxable year in which an alternative apportionment method was used and an unfair representation was not found to exist.

(b) In determining whether an unfair representation of the degree of business activity continues to exist, the department will look for a continued substantial amount of difference between the tax liability calculated pursuant to s. 71.25(6), Stats., and the tax liability had the restructuring not taken place. The department shall also consider any additional information the corporation has submitted pursuant to sub.(8).

(c) If the department finds for a period of at least three consecutive taxable years that a substantial difference in tax liability as determined in par. (b) no longer exists, the corporation may no longer use the approved alternative apportionment method.

(d) If the department terminates the approved alternative apportionment method, the corporation may request and the department shall resubmit the proposed alternative method of apportionment to the co-chairpersons of the joint committee for review of administrative rules pursuant to s. 71.25(14)(c), Stats.

(8) FILING OF RETURN. For each taxable year, the corporation and its subsidiaries shall file with their Wisconsin corporate franchise or income tax returns schedules setting forth the calculations required under sub.(6), as well as a calculation of the tax liability of the corporation and its subsidiaries under s. 71.25(6), Stats. The corporation and its subsidiaries shall attach a copy of the department's approval to use an alternative apportionment method to the front of each return filed. The corporation may also include additional explanatory material

relative to its business activity. The returns shall be filed with the audit bureau of the department of revenue.

Note: The address for mailing the returns is: Audit Bureau, Wisconsin Department of Revenue, P.O. Box 8906, Madison, WI 53708-8906.

(9) CONFIDENTIALITY. All documents related to a request for an alternative method of apportionment shall be subject to the confidentiality provisions of s. 71.78, Stats.

Note: Section Tax 2.395 interprets s. 71.25(14), Stats.

The rules contained in this order shall take effect upon publication in the official state newspaper as provided in s. 227.22(2)(c), Stats.

DEPARTMENT OF REVENUE

Dated: September 25 1998

By: Cate Zeuske
Cate Zeuske
Secretary of Revenue

TAX2395R1

EMERGENCY RULE

1997 Session

LRB or Bill No./Adm. Rule No.

TAX 2.39 and 2.395

Amendment No. if Applicable

FISCAL ESTIMATE
DOA-2048 N(R10/94)☒ ORIGINAL☐ UPDATED☐ CORRECTED☐ SUPPLEMENTAL

Subject

Alternative Apportionment Method

Fiscal Effect

Unknown

State: ☐ No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

☐ Increase Existing Appropriation☐ Increase Existing Revenues☐ Decrease Existing Appropriation☐ Decrease Existing Revenues☐ Create New Appropriation☐ Increase Costs - May be Possible to Absorb
Within Agency's Budget ☐ Yes ☐ No☐ Decrease CostsLocal: ☐ No Local Government Costs1. ☐ Increase Costs
☐ Permissive ☐ Mandatory3. ☐ Increase Revenues
☐ Permissive ☐ Mandatory

5. Types of Local Governmental Units Affected:

2. ☐ Decrease Costs
☐ Permissive ☐ Mandatory4. ☐ Decrease Revenues
☐ Permissive ☐ Mandatory☐ Towns ☐ Villages ☐ Cities☐ Counties ☐ Others _____☐ School Districts ☐ WTCS Districts

Fund Sources Affected

Affected Ch. 20 Appropriations

☐ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEG-S

Assumptions Used in Arriving at Fiscal Estimate

Under provisions of 1997 Wisconsin Act 299, corporations may request, and the Department may approve, an alternative method of apportionment of income in the event of a corporate restructuring that would result in unfair representation of the degree of business activity in the state. The alternative method may not result in less franchise or income tax revenue to the state than the current corporate structure is liable for, given the same overall level of sales, payroll and property.

Before granting a request for alternative apportionment, Act 299 requires the Department to promulgate rules specifying the circumstances in which alternative apportionment may be granted and the kinds of alternatives that may be authorized. The allowance of an alternative apportionment method takes effect for taxable years beginning on January 1, 1998, and corporations must request use of an alternative method on or before January 1, 2000.

This emergency rule is being promulgated because a rule promulgated following regular procedures might not be in place in time for some corporations to obtain approval of an alternative apportionment method for tax year 1998 returns. An agency may promulgate a rule as an emergency rule without complying with the notice,

(continued on page two)

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)

Wisconsin Department of Revenue

Pamela Waigren, (608) 266-7817

Authorized Signature/Telephone No.

Yeang-Eng Braun

(608) 266-2700

Date

7/31/98

hearing and publication requirements if preservation of the public peace, health, safety or welfare necessitates putting the rule into effect prior to the time it would take effect if the agency complied with the general procedures.

Alternative Apportionment of Income

The rule specifies that certain corporations that are party to a restructuring that results in an unfair representation of business activities in the state may apply for an alternative apportionment method and specifies the required content of the application.

The rule defines an unfair representation of business activity as combined net tax liability of the parent corporation and subsidiaries that exceeds 200% of the net tax liability that the parent corporation would have computed if it had not contributed business operations to the subsidiaries and that results in at least \$2 million of additional tax liability.

Under the rule, the Department may authorize the following alternative methods of apportionment:

1. Excluding one or more of the property, payroll or sales factors.
2. Weighting the factors differently (generally factors are weighted as 50% sales, 25% payroll and 25% property).
3. Defining Wisconsin sales in the apportionment factor in a different manner.
4. Including one or more additional factors.
5. Allowing different methods of apportionment for the parent and subsidiary corporations.
6. Allowing a parent and subsidiary corporations to compute net tax liability as though the group were one taxpayer by adding apportionable income and factors and eliminating intercompany transactions.

The rule specifies that once granted, the alternative apportionment method continues in subsequent years until revoked. The Department may retroactively revoke the use of the alternative method if use of the general apportionment method does not result in unfair representation of business activity in the state. Upon revocation, a corporation would have to reapply and receive Department approval before using an alternative apportionment method in subsequent years.

Fiscal Effect

The fiscal effect of the alternative apportionment methods prescribed by this rule is unknown because the number of corporations utilizing these methods and the effect of the alternative methods on their tax liability cannot be known. The determination to grant an alternative apportionment method is based on projections of income of restructured corporations. Since actual income may differ from what is projected, the tax effect of an alternative apportionment method may differ from that expected at the time the alternative method was sought. Further, the change in a corporation's apportionment ratio could either raise or lower its tax. For these reasons, the fiscal effect could be positive or negative in any given year. Discussions with other states that have similar provisions indicate that corporations seek changes in apportionment ratio in limited instances, which implies a small fiscal effect. However, apportionment ratio changes can have a substantial effect on a corporation's tax liability, so that the change in any year could be significant.

4EB-1/31/98

EMERGENCY RULE

1997 Session

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect
DOA-2047(R10/94)

☒ ORIGINAL ☐ UPDATED
☐ CORRECTED ☐ SUPPLEMENTAL

LRB OR Bill No./Adm. Rule No. Amendment No.

TAX 2.39 and 2.395

Subject

Alternative Apportionment Method

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:		Annualized Fiscal Impact on State Funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringe		\$	\$ -
(FTE Position Changes)		(FTE)	(FTE)
State Operations-Other Costs			-
Local Assistance			-
Aids to Individuals or Organizations			-
TOTAL State Costs by Category		\$	\$ -
B. State Costs by Source of Funds			
GPR		\$	\$ -
FED		\$	-
PRO/PRS		\$	-
SEG/SEG-S			-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		Increased Rev.	Decreased Rev.
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			-
TOTAL State Revenues		\$	\$ -

NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS \$
NET CHANGE IN REVENUES \$ Unknown

\$
\$

Agency/Prepared by: (Name & Phone No.)

Wisconsin Department of Revenue

Pamela Walgren, (608) 266-7817

Authorized Signature/Telephone No.

Yeang-Eng Braun

(608) 266-2700

Yeang Eng Braun

Date

7/31/98

October 12, 1998

Ms. Cate Zueske
Secretary of Revenue
125 South Webster Street; 2nd Floor
Madison, Wisconsin 53702

Dear Secretary Zueske;

Under the provisions of sec. 71.25 (14)(c), Stats., created by 1997 Wisconsin Act 299, the co-chairmen of the Joint Committee for the Review of Administrative Rules formally notify you to commence formal rulemaking for proposed changes in Tax 2. These changes were outlined in a letter to the committee co-chairmen, dated October 6, 1998. This will allow the committee to meet the 14 day obligation stipulated in the above-mentioned act.

If you have any questions, please contact either of our offices.

Sincerely,

Senator Robert T. Welch
Senate Co-Chair

Representative Glenn Grothman
Assembly Co-Chair